

TOWNSHIP OF VASSAR
Tuscola County, Michigan

Report on Financial Statements
(with additional information)
June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Township of Vassar</u>	County <u>Tuscola</u>
Audit Date <u>6-30-04</u>	Opinion Date <u>7-23-04</u>	Date Accountant Report Submitted to State: <u>12-13-04</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)

<u>ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.</u>		State	ZIP
Street Address	City	<u>MI</u>	<u>48723</u>
<u>715 E. FRANK ST</u>			
Accountant Signature <u>Raymond Anderson</u>		Date	<u>12-13-04</u>

TOWNSHIP OF VASSAR

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

July 23, 2004

REPORT OF INDEPENDENT AUDITORS

Members of the Township Board
Township of Vassar
Tuscola County, Michigan

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Vassar as of June 30, 2004 and for the year then ended, as listed in the Table of Contents, which collectively comprise a portion of the Township of Vassar's basic financial statements required by the accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Vassar management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes the financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township of Vassar's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Vassar, as of June 30, 2004, or changes in its financial position for the year ended.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental financial information listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Township of Vassar. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
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GENERAL PURPOSE FINANCIAL STATEMENTS

TOWNSHIP OF VASSAR
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2004

	GOVERNMENTAL FUND TYPE		FIDUCIARY FUND TYPE
	GENERAL	SPECIAL REVENUE	TRUST AND AGENCY
<u>ASSETS</u>			
Cash in Bank	\$ 353,931	\$ 142,279	\$ 5,254
Accounts Receivable	60,613		
Due from Other Funds	2,111		
Prepaid Expenses	-		
Land			
Buildings			
Equipment			
TOTAL ASSETS	<u>\$ 416,655</u>	<u>\$ 142,279</u>	<u>\$ 5,254</u>
<u>LIABILITIES & FUND EQUITY</u>			
Liabilities:			
Accounts Payable	\$ 4,025		
Accrued Payroll Taxes	772		
Due to Other Funds			\$ 2,111
Due to Other Governmental Units			3,143
Total Liabilities	<u>4,797</u>	<u>-</u>	<u>5,254</u>
Fund Equity:			
Investment in General Fixed Assets			
Fund Balances:			
Unreserved:			
Undesignated	297,724	\$ 142,279	
Designated for Special Projects	114,134		
Total Fund Equity	<u>411,858</u>	<u>142,279</u>	<u>-</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 416,655</u>	<u>\$ 142,279</u>	<u>\$ 5,254</u>

The accompanying notes are an integral part of the financial statements.

ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY) PRIMARY GOVERNMENT	
	JUNE 30, 2004	JUNE 30, 2003
GENERAL FIXED ASSETS		
	\$ 501,464	\$ 464,707
	60,613	4,833
	2,111	477
	-	28,625
\$ 37,686	37,686	37,686
68,244	68,244	68,244
52,630	52,630	52,630
<u>\$ 158,560</u>	<u>\$ 722,748</u>	<u>\$ 657,202</u>
	\$ 4,025	\$ 18,596
	772	123
	2,111	477
	3,143	4,407
<u>-</u>	<u>10,051</u>	<u>23,603</u>
\$ 158,560	158,560	158,560
	440,003	416,073
	114,134	58,966
<u>158,560</u>	<u>712,697</u>	<u>633,599</u>
<u>\$ 158,560</u>	<u>\$ 722,748</u>	<u>\$ 657,202</u>

TOWNSHIP OF VASSAR

Combined Statement of Revenues, Expenditures and Changes In Fund Balances - All Governmental Fund Types For the Year Ended June 30, 2004

			TOTALS (MEMORANDUM ONLY) PRIMARY GOVERNMENT	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>JUNE 30, 2004</u>	<u>JUNE 30, 2003</u>
REVENUES:				
Property taxes	\$ 71,513		\$ 71,513	\$ 63,428
Trailer park fees	3,144		3,144	882
Licenses & permits	3,255		3,255	3,280
Vassar Township Agg. Royalties	54,705		54,705	48,626
State revenue sharing	381,083		381,083	352,499
Charges for services:				
Property tax administration	14,304		14,304	19,101
Fire protection	1,500		1,500	7,499
Interest	2,123	\$ 1,008	3,131	4,432
Special assessment - refuse		138,067	138,067	137,527
TOTAL REVENUES	<u>531,627</u>	<u>139,075</u>	<u>670,702</u>	<u>637,274</u>
 EXPENDITURES:				
Legislative:				
Township Board	11,498		11,498	11,638
General Government:				
Supervisor	9,046		9,046	8,733
Elections	668		668	2,835
Assessor	18,953		18,953	18,047
Professional services	10,468		10,468	9,877
Clerk	11,060		11,060	10,979
Board of Review	780		780	872
Treasurer	11,715		11,715	11,397
Township Hall	11,974		11,974	9,978
Public Safety:				
Police protection	57,954		57,954	61,680
Fire protection	41,529		41,529	47,699
Ambulance	35,288		35,288	35,375
Public Works:				
Highways & streets	216,196		216,196	176,664
Drains at Large	-		-	-
Sanitation	-	129,686	129,686	129,686
Planning & zoning	9,529		9,529	9,792
Cemetery	100		100	200

TOWNSHIP OF VASSAR
Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - All Governmental Fund Types
For the Year Ended June 30, 2004

			TOTALS	
			(MEMORANDUM ONLY)	
			PRIMARY GOVERNMENT	
			JUNE 30,	JUNE 30,
	GENERAL	SPECIAL	2004	2003
		REVENUE		
EXPENDITURES, (Continued):				
Recreation & Culture:				
Parks & recreation	\$ 1,820		\$ 1,820	\$ 1,940
Other Functions:				
Payroll taxes	4,299		4,299	4,604
Insurance	7,141		7,141	6,958
Tuscola County EDC	1,500		1,500	1,500
Miscellaneous	400		400	1,283
TOTAL EXPENDITURES	461,918	\$ 129,686	591,604	561,737
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	69,709	9,389	79,098	75,537
FUND BALANCE - JULY 1	342,149	132,890	475,039	399,502
FUND BALANCE - JUNE 30	\$ 411,858	\$ 142,279	\$ 554,137	\$ 475,039

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF VASSAR
Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget & Actual -
General and Special Revenue Funds
For the Year Ended June 30, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:			
Property taxes	\$ 57,000	\$ 71,513	\$ 14,513
Trailer park fees	2,500	3,144	644
Licenses & permits	3,100	3,255	155
Vassar Township Agg. Royalties	-	54,705	54,705
State revenue sharing	353,772	381,083	27,311
Charges for services:			
Property tax administration	15,000	14,304	(696)
Fire protection	5,000	1,500	(3,500)
Interest	3,000	2,123	(877)
Special assessment - refuse			-
TOTAL REVENUES	439,372	531,627	92,255
EXPENDITURES:			
Legislative:			
Township Board	15,800	11,498	4,302
General Government:			
Supervisor	9,452	9,046	406
Elections	4,700	668	4,032
Assessor	19,422	18,953	469
Professional services	18,000	10,468	7,532
Clerk	14,700	11,060	3,640
Board of Review	1,120	780	340
Treasurer	12,373	11,715	658
Township Hall	28,647	11,974	16,673
Public Safety:			
Police protection	73,550	57,954	15,596
Fire protection	62,500	41,529	20,971
Ambulance	40,480	35,288	5,192
Public Works:			
Highways & streets	279,604	216,196	63,408
Drains at large	100	-	100
Sanitation	-	-	-
Planning & zoning	15,550	9,529	6,021
Cemetery	200	100	100

SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
		-	\$ 57,000	\$ 71,513	\$ 14,513
		-	2,500	3,144	644
		-	3,100	3,255	155
		-	-	54,705	54,705
		-	353,772	381,083	27,311
		-	15,000	14,304	(696)
		-	5,000	1,500	(3,500)
	\$ 1,008	\$ 1,008	3,000	3,131	131
<u>\$ 137,527</u>	<u>138,067</u>	<u>540</u>	<u>137,527</u>	<u>138,067</u>	<u>540</u>
<u>137,527</u>	<u>139,075</u>	<u>1,548</u>	<u>576,899</u>	<u>670,702</u>	<u>93,803</u>
		-	15,800	11,498	4,302
		-	9,452	9,046	406
		-	4,700	668	4,032
		-	19,422	18,953	469
		-	18,000	10,468	7,532
		-	14,700	11,060	3,640
		-	1,120	780	340
		-	12,373	11,715	658
		-	28,647	11,974	16,673
		-	73,550	57,954	15,596
		-	62,500	41,529	20,971
		-	40,480	35,288	5,192
		-	279,604	216,196	63,408
		-	100	-	100
137,527	129,686	7,841	137,527	129,686	7,841
		-	15,550	9,529	6,021
		-	200	100	100

TOWNSHIP OF VASSAR
Combined Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget & Actual -
General and Special Revenue Funds
For the Year Ended June 30, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
EXPENDITURES, (Continued):			
Recreation & Culture:			
Parks & recreation	\$ 1,980	\$ 1,820	\$ 160
Other Functions:			
Payroll taxes	5,500	4,299	1,201
Insurance	7,233	7,141	92
Tuscola County EDC	1,500	1,500	-
Miscellaneous	4,198	400	3,798
TOTAL EXPENDITURES	616,609	461,918	154,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(177,237)	69,709	246,946
FUND BALANCE - JULY 1	342,149	342,149	-
FUND BALANCE - JUNE 30	\$ 164,912	\$ 411,858	\$ 246,946

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
		-	\$ 1,980	\$ 1,820	\$ 160
		-	5,500	4,299	1,201
		-	7,233	7,141	92
		-	1,500	1,500	-
		-	4,198	400	3,798
\$ 137,527	\$ 129,686	\$ 7,841	754,136	591,604	162,532
-	9,389	9,389	(177,237)	79,098	256,335
132,890	132,890	-	475,039	475,039	-
<u>\$ 132,890</u>	<u>\$ 142,279</u>	<u>\$ 9,389</u>	<u>\$ 297,802</u>	<u>\$ 554,137</u>	<u>\$ 256,335</u>

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF TOWNSHIP OPERATIONS & FUND TYPES:

The Township of Vassar, Tuscola County, Michigan covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 3,800 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The financial statements of the Township of Vassar have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the general purpose financial statements of the Township of Vassar contain all the funds and account groups controlled by the Township's Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

B. FUND ACCOUNTING:

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

GOVERNMENTAL FUNDS - are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other funds.

FIDUCIARY FUNDS - are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

B. FUND ACCOUNTING, (Continued):

ACCOUNT GROUPS – are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

C. BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increase (i.e. revenues and other financing sources) and decrease (i.e. expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increased (i.e. revenues) and decrease (i.e. expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used to revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, federal and state grants, special assessments, licenses, interest revenue and charges for services. Fines, permits and sales tax and other state revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise the resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

E. CASH AND INVESTMENTS:

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at fair market value.

State statutes authorized the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, Federal Savings and Loan Insurance; Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government of federal agency obligation repurchase agreements, bankers' acceptance of U.S. banks, and mutual funds composed of investments as outlined above.

F. RECEIVABLES:

Receivables consist primarily of amounts for taxes and customers charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

G. FIXED ASSETS:

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued to cost where historical records are available and at an estimated historical cost where no historical record exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds an accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

G. FIXED ASSETS, (Continued):

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed assets account group.

H. ACCUMULATED UNPAID BENEFITS:

Employees are not allowed to accumulate vacation and sick pay and therefore, no accumulated amount has been shown in the General Long-Term Debt Group of Accounts in accordance with Governmental Accounting Standards Board's Statement No. 16 "Accounting for Compensated Absences."

I. FUND EQUITY:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

J. INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purpose.

L. ESTIMATES:

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 2 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. The Township levied a general millage of 1.0785 mills on a taxable value of \$63,947,009.

The Township participates in the Tuscola County Delinquent Tax Fund that purchases all of the uncollected property tax of the Township each year. Settlement with the County for all uncollected taxes is received by the Township.

NOTE 3 – INVESTMENT IN GENERAL FIXED ASSETS:

The general fixed assets of the Township consist of the following:

	BALANCE JULY 1, 2003	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2004
Land	\$ 37,686			\$ 37,686
Buildings	68,244			68,244
Equipment	<u>52,630</u>	<u>NONE</u>	<u>NONE</u>	<u>52,630</u>
Total	\$158,560	NONE	NONE	\$158,560

NOTE 4 – DEPOSITS AND INVESTMENTS:

DEPOSITS:

At year-end, the carrying amount of the Township's deposits was \$501,464 and the bank balance was \$484,543, \$300,000 of which was covered by federal depository insurance. Michigan law does not require collateralization of government deposits. All of the Township's funds, in accordance with Michigan Compiled Laws, Section 129.91, were invested in local banks.

INVESTMENTS:

State statutes and Township policy authorize the Township to invest in obligations of the United States, or agencies and instrumentalities of the U.S. commercial paper rated at the time of purchase within the top two classifications by at least two of the four rating agencies, certificates of deposits, repurchase agreements, banker's acceptance, and mutual funds.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 4 – DEPOSITS AND INVESTMENTS, (Continued):

The Township investments are categorized below to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Township's name. The Township held no Category 2 or 3 investments at June 30, 2004.

The Township's cash and cash equivalents at June 30, 2004 are composed of the following:

	CASH AND CASH EQUIVALENTS
General Fund:	
Deposits	\$353,931
Other Funds:	
Deposits	<u>147,533</u>
Total Deposits:	\$501,464

NOTE 5 – EMPLOYEE BENEFITS:

The Township pays no employee benefits. The Township also does not provide any post-employment benefits to retirees.

NOTE 6 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 7 - LEGAL COMPLIANCE - BUDGETS:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to July 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

NOTE 7 - LEGAL COMPLIANCE – BUDGETS, (Continued):

4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 8 – DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at June 30, 2004 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$2,111	
Current Tax Collection Fund		<u>\$2,111</u>
TOTAL	\$2,111	\$2,111

NOTE 9 – PENSION PLAN:

The Township has no pension plan.

NOTE 10 – DESIGNATED FUND BALANCE:

The fund balance in the General Fund has been designated by the Board for the purpose of recreation or new hall construction in the amount of \$114,134.

NOTE 11 – SUBSEQUENT EVENTS:

Vassar Township entered into an agreement with the City of Vassar to pay for 40% of the cost of a new fire truck for the City of Vassar. The Township has committed to make monthly payments for 5 years on the fire truck. As of June 30, 2004, the total amount that the Township will pay is not known.

SUPPLEMENTAL INFORMATION

TOWNSHIP OF VASSAR
Schedule of General Fund Expenditures
Year Ended June 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Township Board:			
Salaries	\$ 3,000	\$ 2,875	\$ 125
Operating supplies	800	415	385
Notices	3,000	1,271	1,729
Memberships & dues	3,000	2,703	297
Miscellaneous	6,000	4,234	1,766
Total Township Board	<u>15,800</u>	<u>11,498</u>	<u>4,302</u>
Supervisor:			
Salary	8,500	8,500	-
Supplies	502	502	-
Mileage	250	-	250
Telephone	200	44	156
Total Supervisor	<u>9,452</u>	<u>9,046</u>	<u>406</u>
Elections:			
Wages	2,500	330	2,170
Operating expenses	2,200	338	1,862
Total Elections	<u>4,700</u>	<u>668</u>	<u>4,032</u>
Assessor:			
Salary	16,697	16,697	-
Operating supplies	2,300	2,081	219
Telephone	250	-	250
Mileage	175	175	-
Total Assessor	<u>19,422</u>	<u>18,953</u>	<u>469</u>
Professional Services:			
Accounting	3,000	2,295	705
Attorney	15,000	8,173	6,827
Total Professional Services	<u>18,000</u>	<u>10,468</u>	<u>7,532</u>
Clerk:			
Salary	10,200	10,200	-
Salary - deputy	2,500	100	2,400
Operating supplies	1,500	664	836
Telephone	50	-	50
Mileage	450	96	354
Total Clerk	<u>14,700</u>	<u>11,060</u>	<u>3,640</u>

TOWNSHIP OF VASSAR
Schedule of General Fund Expenditures
Year Ended June 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
(Continued)			
Board of Review:			
Per diem	\$ 1,120	\$ 780	\$ 340
Treasurer:			
Salary	10,200	10,200	-
Salary - deputy	1,000	669	331
Operating supplies	1,000	810	190
Mileage	150	13	137
Miscellaneous	23	23	-
Total Treasurer	12,373	11,715	658
Township Hall:			
Supplies	600	347	253
Utilities	4,047	4,043	4
Capital Outlay	10,000	5,593	4,407
Renovations	9,000	168	8,832
Repairs & maintenance	5,000	1,823	3,177
Total Township Hall	28,647	11,974	16,673
Police Protection:			
Miscellaneous	500	500	-
Contracted services	73,050	57,454	15,596
Total Police Protection	73,550	57,954	15,596
Fire Protection:			
Miscellaneous	2,500	900	
Contracted services	60,000	40,629	19,371
Total Fire Protection	62,500	41,529	20,971
Ambulance:			
Miscellaneous	480	440	40
Contracted services	40,000	34,848	5,152
Total Ambulance	40,480	35,288	5,192
Highways & Streets:			
Repairs & maintenance	279,604	216,196	63,408
Drains at large	100	-	100

TOWNSHIP OF VASSAR
Schedule of General Fund Expenditures
Year Ended June 30, 2004

(Continued)	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Planning & Zoning:			
Salaries & per diem	\$ 11,000	\$ 9,530	\$ 1,470
Mileage	300	-	300
Operating supplies	1,200	(1)	1,201
Miscellaneous	3,050	-	3,050
Total Planning & Zoning	<u>15,550</u>	<u>9,529</u>	<u>6,021</u>
Cemetery	<u>200</u>	<u>100</u>	<u>100</u>
Parks & Recreation:	<u>1,980</u>	<u>1,820</u>	<u>160</u>
Payroll Taxes	<u>5,500</u>	<u>4,299</u>	<u>1,201</u>
Insurance	<u>7,233</u>	<u>7,141</u>	<u>92</u>
Tuscola County EDC	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Miscellaneous	<u>4,198</u>	<u>400</u>	<u>3,798</u>
TOTAL EXPENDITURES	<u><u>\$ 616,609</u></u>	<u><u>\$ 461,918</u></u>	<u><u>\$ 154,691</u></u>

See the accompanying notes.

TOWNSHIP OF VASSAR
Schedule of Revenues, Expenditures
& Changes in Fund Balance - Refuse Fund
For the Year Ended June 30, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Special Assessment		\$ 138,067	
Interest		1,008	
TOTAL REVENUES	<u>\$ 138,067</u>	<u>139,075</u>	<u>\$ 1,008</u>
EXPENDITURES	<u>138,067</u>	<u>129,686</u>	<u>8,381</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>9,389</u>	<u>9,389</u>
FUND BALANCE - JULY 1	<u>132,890</u>	<u>132,890</u>	
FUND BALANCE - JUNE 30	<u><u>\$ 132,890</u></u>	<u><u>\$ 142,279</u></u>	<u><u>\$ 9,389</u></u>

See the accompanying notes.

TOWNSHIP OF VASSAR
Schedule of Changes in Assets & Liabilities -
Current Tax Collection Fund
Year Ended June 30, 2004

	<u>BALANCE</u> <u>07/01/03</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>06/30/04</u>
<u>ASSETS</u>				
Cash in bank	<u>\$ 4,884</u>	<u>\$ 1,519,623</u>	<u>\$ 1,519,253</u>	<u>\$ 5,254</u>
TOTAL ASSETS	<u>\$ 4,884</u>	<u>\$ 1,519,623</u>	<u>\$ 1,519,253</u>	<u>\$ 5,254</u>
<u>LIABILITIES</u>				
Due to other funds	<u>\$ 477</u>	<u>\$ 220,346</u>	<u>\$ 221,980</u>	<u>\$ 2,111</u>
Due to other governmental units	<u>4,407</u>	<u>1,298,907</u>	<u>1,297,643</u>	<u>3,143</u>
TOTAL LIABILITIES	<u>\$ 4,884</u>	<u>\$ 1,519,253</u>	<u>\$ 1,519,623</u>	<u>\$ 5,254</u>

See the accompanying notes.